



**VIA ELECTRONIC DELIVERY**

August 23, 2013

Technical Director  
File Reference No. PCC-13-01B  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Re: File Reference No. 2013-13-01B

Dear Technical Director:

The Capital Group Companies, Inc. (referred to herein as “Capital” or “we”) is a privately held investment management company. We appreciate the opportunity to provide comments on the Proposed Accounting Standards Update, *Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill*, a proposal of the Private Company Council (“the proposed ASU”). These comments are informed by our experiences as preparers of audited financial statements of Capital and its affiliated companies. These comments reflect the signer’s own views and not necessarily those of Capital or other Capital associates.

**Scope**

As the users of our financials are not focused on goodwill and goodwill impairment as part of their decision making process, we believe this alternative accounting would be beneficial to us as a privately held company. This would reduce the cost and effort required in accounting for goodwill and impairment due to the complexity of the current standard but still provide relevant financial data to Capital’s financial statement users.

### **Consideration**

Capital believes this proposed accounting alternative for goodwill should be required if private companies elect to adopt the proposed alternative accounting for intangible assets acquired in a business combination (proposed ASU *Business Combinations (Topic 805): Accounting for Identifiable Intangibles Assets in a Business Combination*, a proposal of the Private Company Council issued July 1, 2013). By electing the accounting alternative for intangible assets, goodwill will more likely than not result in a larger balance from the business combination. Therefore, it would be preferable to amortize goodwill to minimize any potential impairment issue in the future.

We do not support the replacement of the term “publicly traded company” with “public business entity” as defined in Question 18 of the proposed ASU. Specifically, we do not believe an entity that files or furnishes financial statements to the Securities and Exchange Commission for reasons other than in preparation for the offering, or continuing sale, of equity or debt securities, rises to the standard of a publicly traded company. Often financial information is shared on a confidential basis and is not made publicly available. Applying one set of U.S. GAAP to a subsidiary and potentially a different set of U.S. GAAP for the parent entity would add complexity and lead to confusion to the users. As a result, we do not support the proposed definition of “public business entity” without modification of the reference to filings with the Securities and Exchange Commission and inclusion in that sentence that such filings are in preparation for the public offering of equity or debt securities, or similar limitations.

### **Summary**

In order to provide the most meaningful financial information to our users, Capital supports this proposed accounting alternative for goodwill and goodwill impairment.

Thank you for considering these comments. Please feel free to contact me should you have any questions or wish to discuss my thoughts on the current proposal.

Sincerely,

Bruce Meikle  
Senior Vice President and Principal Financial Officer  
The Capital Group Companies, Inc.